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**SHORT FORM PROSPECTUS AND
INVESTMENT STATEMENT**

for

CENTRAL PLAINS WATER LIMITED

Dated 29 October 2010

**For a renounceable Rights issue offer
of up to 394,002 New Shares at an
issue price of NZD\$8.00 per New Share
to existing Shareholders**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

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SECTION 1 - IMPORTANT INFORMATION

Important information

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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| <i>What sort of investment is this?</i> | 20 |
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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

Engaging an investment adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

Important Notes

This Offer Document:

- has been prepared by Central Plains Water Limited in relation to an offer of equity securities made by the Company to existing Shareholders in reliance on and in accordance with the Securities Act 1978 and regulation 6 of the Securities Regulations 2009;
- includes an Investment Statement for the purposes of the Securities Act 1978 and the Securities Regulations 2009; and
- has been prepared as at 29 October 2010.

On 29 October 2010 a copy of this Prospectus, plus the Financial Statements, signed by the Directors, as required by section 41 of the Securities Act 1978, was delivered to the Registrar of Companies for registration in accordance with section 42 of the Act. A copy of the Financial Statements has been sent to all Shareholders and can be downloaded from the Company's public file at the Companies Office free of charge from website www.companies.govt.nz or the website www.cpw.com.co.nz or may be obtained free of charge from the Company's registered office at Deloitte, Level 4, 32 Oxford Terrace, Christchurch.

Before deciding to invest in the New Shares, you should consider the risk factors that could affect the financial performance of the Company, including those described on pages 23 to 25 below. You should carefully consider how these factors might affect your personal financial and taxation circumstances, and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. In preparing this Offer Document, the Company did not take into account the investment objectives, financial situation or particular needs of any particular person and, before making an investment decision on the basis of this Offer Document, you need to consider whether the offer contained in this Offer Document, including the terms of issue and the merits and risks involved, meet your particular investment needs, objectives and financial circumstances.

The renounceable Rights described in this Offer Document will be issued to Shareholders on the register at the close of business on 29 October 2010, the record date for this Offer.

Terms and abbreviations used in this Offer Document are defined in Section 11 – Glossary on pages 30 and 31 of this Offer Document.

STATUTORY INDEX

Matters required in Short Form Registered Prospectus for Equity Securities pursuant to Schedule 7 of the Securities Regulations 2009¹

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¹ Under regulation 7(a) of the Regulations the matters specified in Schedule 7 of the Regulations need be stated or contained in a short form prospectus relating to equity securities.

SECTION 2 – KEY FEATURES OF OFFER

- OFFER:** This Offer Document contains a pro rata renounceable Offer by the Company to its existing Shareholders of up to 394,002 New Shares, with attached rights to water, at an issue price of NZD\$8.00 per New Share.
- RIGHTS TO WATER** Each New Share will rank equally with all existing Shares and will participate equally with all existing Shares in rights to water which the Company is able to confer on its Shareholders. If this Offer is fully subscribed, and once the Scheme is built, each Share, including any New Shares, will carry the right to take 476 cubic metres of water from the Scheme per annum, at a maximum rate of flow of 0.6 litres per second per hectare. These Rights are subject to the Company confirming the terms of the necessary resource consents, the Shareholder entering into a Water Use Agreement with the Company and the infrastructure required to take and convey that water being funded and built.
- PAYMENT FOR THE SHARES:** The subscription price for the New Shares will be payable in three instalments: NZD\$4.00 per New Share on allotment and two further instalments of NZD\$2.00 and NZD\$2.00 per New Share, respectively, on 31 May 2011 and 30 November 2011, the dates six months after the Closing Date and the first anniversary of the Closing Date.
- MAXIMUM NUMBER OF SHARES AVAILABLE:** The maximum number of New Shares available under this Offer is 394,002.
- PURPOSE OF OFFER:** The total proceeds from this Offer are estimated to be up to NZD\$3,152,016 (less the issue expenses outlined on page 16). The proceeds of this Offer (less issue expenses) will be used to:
- defend and amend the resource consents for the Scheme, issued by the Canterbury Regional Council on 1 June 2010, in the Environment Court and any other relevant forum;
 - take steps to use the resource consents available to the Scheme;
 - take steps to raise the capital required to construct the Scheme; and
 - all other related consultancy, governance and administration costs that are approved by the Board.
- RECORD DATE:** 29 October 2010
- CLOSING DATE:** Applications for New Shares must be received by the Company by 5.00pm on 30 November 2010.

IF VALID APPLICATIONS ARE NOT RECEIVED BY 5 PM ON 30 NOVEMBER 2010 IN RESPECT OF EACH SHAREHOLDER'S RIGHTS, THOSE RIGHTS WILL LAPSE.

SECTION 3 – IMPORTANT DATES

| | |
|------------------------------------|------------------|
| Registration of the Prospectus | 29 October 2010 |
| Record Date | 29 October 2010 |
| Opening Date of the Offer | 1 November 2010 |
| Closing Date of the Offer* | 30 November 2010 |
| Allotment of New Shares* | 3 December 2010 |
| Mailing of New Share Certificates* | 8 December 2010 |

* These dates are indicative only. The Company reserves the right to vary these dates as it considers appropriate.

SECTION 4 – LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the Board, I am pleased to provide you the opportunity to subscribe for New Shares in Central Plains Water Limited. All Shareholders at the Record Date are entitled to participate in this Offer.

While the resource consenting process has taken more time and expense than anticipated, the Company has now obtained resource consents from the Canterbury Regional Council. Although these consents will enable the operation of the Scheme, the Company now needs to defend them in the Environment Court, and any other forum. Capital is sought via this Offer Document to enable the Company to carry out this defence, as well as to prepare to raise the capital necessary to construct the Scheme.

The Company has, by negotiation, already achieved successful outcomes to litigation it had with Synlait Limited and Ngai Tahu Property Limited. The Company now has interests in resource consents as a result of the negotiations with these parties. In addition, the Company is in the process of utilising the resource consents pending establishment of the whole scheme. The Company is working with Shareholders close to the Rakaia and Waimakariri Rivers who might be able to use this water in the interim.

The Company estimates that a further \$3,152,016 is required to undertake these actions. The Company proposes to raise this capital through the Offer of New Shares contained in this Offer Document.

All existing Shares carry rights to water proportionate to the Company's water entitlements under the resource consents for the Scheme. Shareholders wishing to maintain their existing proportionate share of the Company's water entitlement should take up their full entitlement under this Offer Document. If this Offer is fully subscribed, the Company estimates that Shareholders will need a total of 13.13 New Shares and existing Shares per hectare. Please note that this estimate is an indicative level of investment only and does not provide for individual requirements as to quantity and reliability.

As the Rights granted by this Prospectus are renounceable, Shareholders have an opportunity to increase their shareholding, and non-shareholders can acquire shares in the Company, with associated rights to water. This can be achieved by acquiring Rights to subscribe for New Shares from Shareholders who do not wish to exercise those Rights. Trading Rights in this way will also allow Shareholders who elect to do so to realise some value by selling their Rights.

The Board hopes that Shareholders will create a market for the Rights, to enable Shareholders and non-Shareholders to buy and Sell Rights as they require. To ensure that a market for the Rights exists, the Company has established a website, www.cpwrights.co.nz, where Shareholders can notify their intention to buy or sell Rights, providing others the opportunity to contact them to initiate a trade.

Please take time to carefully consider this Offer and seek appropriate advice. Information is also available on the Company's website, www.cpw.co.nz, and the Directors invite you to attend the annual general meeting on 23 November 2010 to discuss any matters arising from this Prospectus.

Based on the information currently available, and after taking advice, the Directors are confident of successfully defending the resource consents the Company has attained. We therefore encourage your participation in this critical phase for the Scheme.

Yours sincerely



PG Morrison
Chairman
Central Plains Water Limited

SECTION 5 - STATUS OF PROJECT

Overview

Since the Company's 2004 Prospectus, the Company has progressed the application for the resource consents necessary to operate the Scheme. As outlined in the 2004 Prospectus, these resource consents have been obtained in the name of the Water Trust and will be licensed to the Company under the terms of the 2004 Memorandum. The Company will be the only entity that can use the resource consents. The Company's licence to use the resource consents will be irrevocable and royalty free.

In April 2009, the Canterbury Regional Council Commissioners hearing the resource consent applications for the Scheme advised that the Canterbury Regional Council was unlikely to approve the Waianiwiwa Valley storage component of the Scheme. At that stage, the Company and the Water Trust were given the opportunity to revise their application, removing the storage element. The revised application was presented in October 2009 and approved by the Commissioners on 1 June 2010.

The Company and the Water Trust are now engaged in the appeals process in relation to the resource consents.

Resource consents

The Canterbury Regional Council has granted a number of resource consents for the Scheme including the following resource consents to take water from the Waimakariri and Rakaia Rivers:

- **CRC061972** to take up to 24 cumecs from the Waimakariri River;
- **CRC021091** to take up to 40 cumecs from the Rakaia River; and
- **CRC062685** to take up to 6 cumecs from the Rakaia River.

These resource consents are subject to appeal and the conditions and restrictions which apply to these resource consents will not be finally determined until all appeals are resolved.

In addition, the Company has procured **CRC100581** to take 1 cumec from the Waimakariri River by resolving litigation with Ngai Tahu Property Limited. All appeals in respect of this resource consent have been resolved.

All of the above resource consents are subject to a number of conditions and restrictions which are set out in the resource consents themselves. In the case of **CRC062685**, which was obtained by resolving litigation with Synlait Limited, the Company has also agreed to sublicense this resource consent to its wholly owned subsidiary, Te Pirita Irrigation Limited, which has, in turn, agreed to a one for one sharing arrangement in relation to this consent with Synlait Limited (subject to Synlait Limited entering into a water use agreement with Te Pirita Irrigation Limited).

The Company's primary goal at this stage is to resolve all appeals. Only five appeals have been lodged in respect of the main Waimakariri and Rakaia resource consents (**CRC061972** and **CRC021091**) and the Company is reasonably confident of working through the issues with these appellants or determining the outstanding matters satisfactorily in the Environment Court.

Scheme water entitlement

Using the methodology adopted in the 2004 Prospectus, the Company has calculated that the resource consents outlined above, if confirmed at the conclusion of the appeals process, should result in the Company securing a total annual water entitlement of 375,000,000 cubic metres. The projected reliability of supply set out in the 2004 Prospectus has been affected by the loss of the reservoir component of the Scheme. Using the methodology adopted in the 2004 Prospectus, and assuming a run-of-river supply without storage, the long term average reliability of supply across the Scheme is now estimated at approximately 60% on an annual volumetric basis.

While that is the case, the Company anticipates that the Scheme and individual Shareholders will be able to improve reliability of supply by making various arrangements, including:

- use of reserve water;
- on farm storage of water;
- use of ground water and ground water storage;
- reaching agreements with prior consent holders of Band 2 and 3 consents on the Rakaia River;
- water sharing arrangements with Barrhill Chertsey Irrigation Limited for temporary use of Band 4 Rakaia River;
- co-operation through water user groups on the Rakaia River and Waimakariri River;
- arrangements with TrustPower Limited to store water in Lake Coleridge; and
- other water storage options.

The Company is actively investigating these options.

Current initiatives

While the Company's chief objectives are to defend the resource consents and negotiate appropriate consent conditions with interested parties, it is also:

- promoting the Scheme's place within the Canterbury Water Management Strategy;
- making submissions on the Waimakariri River Regional Plan – Plan Change No. 1;
- investigating a potential role as part of the Waimakariri River users group;
- investigating storage options as set out above;
- investigating options to acquire the land necessary to construct the Scheme; and
- developing funding options for the construction of the Scheme's infrastructure.

SECTION 6 - DETAILS OF THE OFFER

The Offer

This Offer Document contains a pro rata renounceable offer by the Company to its existing Shareholders of up to 394,002 New Shares in total, with attached rights to water on the terms set out in further detail on page 13 below (subject to the Company confirming the terms of the necessary resource consents, the Shareholder entering into a Water Use Agreement with the Company and the infrastructure required to take and convey that water being funded and established), at an issue price of NZD\$8.00 per New Share.

For Shareholders to be assured of maintaining their existing proportionate share of the Company's entitlements to water under the resource consents for the Scheme, they need to subscribe for one New Shares for every existing Share they currently hold in the Company. Shareholders may increase their proportional interest by purchasing Rights from Shareholders who do not wish to exercise their Rights.

Eligible Shareholders

All Shareholders on the Company's share register at 5.00pm on the record date being 29 October 2010 are eligible for the Offer. The number of Rights to New Shares to which each Shareholder is entitled is shown on the personalised Entitlement and Acceptance Form that accompanies this Offer Document.

Acceptance or Renunciation of Rights

The Rights are renounceable, which means that Shareholders who do not wish to subscribe for some or all of their entitlement of New Shares may sell or otherwise transfer all or part of their Rights to New Shares. To do so, Shareholders should complete the steps outlined in *Section 9 – Action to be taken by Applicants* set out on pages 18 and 19 of this Prospectus.

IF VALID ACCEPTANCE DOCUMENTS ARE NOT RECEIVED BY 5 PM ON 30 NOVEMBER 2010 IN RESPECT OF EACH SHAREHOLDER'S RIGHTS, THOSE RIGHTS WILL LAPSE.

Proceeds of Offer

The proceeds from this Offer are estimated to be up to NZD\$3,152,016 (less the issue expenses outlined on page 16). The proceeds of this Offer (less issue expenses) will be applied in the following order:

- defend and amend the resource consents for the Scheme, issued by the Canterbury Regional Council on 1 June 2010, in the Environment Court and any other relevant forum;
- take steps to use the resource consents available to the Scheme;
- take steps to raise the capital investment required to construct the Scheme; and
- all other related consultancy, governance and administration costs that are approved by the Board.

Rights to water

If and until the Scheme becomes operational, all of the New Shares in the Company issued under this Offer Document will rank equally in all respects, with existing Shares and carry the usual rights to participate in dividends and rights on a liquidation of the Company.

Once the Scheme becomes operational all of the New Shares in the Company will continue to rank equally in all respects, as set out above. However, at this stage the New Shares will also carry rights to water subject to the Shareholder entering into a Water Use Agreement or a Dry Supply Agreement. The rights to water attaching to Shares may differ depending on whether a Shareholder is a Wet Shareholder or a Dry Shareholder, as described below.

Shares in the Company will, subject to the holder entering into a Water Use Agreement and paying the Water Use Charges, entitle the holder to rights to water in the Scheme, if constructed.

Each Share, including each New Share, will secure the right to take at least 476 cubic metres of water per annum at a maximum rate of flow of 0.6 litres per second per hectare from the Scheme. This right to water is subject to the Company confirming the terms of the necessary resource consents, the Shareholder entering into a Water Use Agreement with the Company, and the infrastructure required to take and convey that water being funded and built.

The terms of the resource consents for the Scheme may prevent the Company from extracting sufficient water to provide Shareholders with rights to water at the rate or quantity outlined above. In such a case the Company may scale back the rights to water attaching to each Share pro rata.

The Company may forfeit the rights to water attaching to a Shareholder's Shares if that Shareholder fails to pay Water Use Charges for those rights as agreed under a Water Use Agreement with the Company.

This Offer Document is aimed primarily at the Company's existing Shareholders and to non-Shareholder farmers within the Scheme Area who propose to use the rights to water attaching to the New Shares to irrigate their land. Because the Rights granted under this Offer Document are renounceable, there may be an opportunity for those Shareholders who wish to increase their existing shareholding to do so, and for non-shareholders to acquire a new shareholding, in the Company with associated rights to water. In both cases this can be achieved by acquiring Rights to subscribe for New Shares from Shareholders who do not wish to exercise those Rights. It is also open for non-Shareholders (including those who are not farmers in the Scheme Area) to purchase Rights from Shareholders.

Wet and Dry Shareholders

After the Operational Date, for the part of the Scheme that may service the land owned or controlled by a Shareholder (in the case of Shareholders who own or control land in the Scheme Area) or the Operational Date for the entire Scheme (in the case of Shareholders who do not own or control land in the Scheme Area) the Board may, on three months' notice, require Shareholders to elect whether they wish to exercise the rights to water attaching to their Shares. When Shareholders wish to exercise the rights to water attaching to their Shares they shall enter into a Water Use Agreement and be treated as Wet Shareholders. When Shareholders elect not to exercise the rights to water attaching to their Shares, they may be required to enter into a Dry Supply Agreement and shall be treated as Dry Shareholders. If a Shareholder does not so elect within three months of the date on which the Company serves that Shareholder with a notice to do so, that Shareholder shall be treated as a Dry Shareholder.

A Shareholder may be both a Wet Shareholder, to the extent that Shareholder has entered into a Water Use Agreement in respect of rights to water attaching to that Shareholder's Shares, and a Dry Shareholder, to the extent that Shareholder holds Shares in respect of which that Shareholder has not entered a Water Use Agreement.

Water Use Agreement

No rights to water attaching to Shares can be exercised by a Shareholder (or a Shareholder's licensee under a Water Use Licence) unless that Shareholder has entered into a Water Use Agreement with the Company in the Company's standard form. The Water Use Agreement will:

- have a term of at least 20 years;
- set out the terms and conditions of use of water from the Scheme;
- record the Water Use Charges; and
- record the Company's obligations in respect of supply.

If a Wet Shareholder owns or controls land within the Scheme Area, the Company will require that a Wet Shareholder's obligations under a Water Use Agreement be secured over the Wet Shareholder's land by an Encumbrance. The Encumbrance may be redeemed, or the requirement to give the Encumbrance waived, if the Wet Shareholder pays the estimated net present value of the balance of the Water Use Charges for the remaining term of the Water Use Agreement.

Subject to the Wet Shareholder paying the reasonable associated administration costs, the Company will also consent to:

- the transfer of the land specified in the Encumbrance, subject to the transferee entering into a Water Use Agreement with the Company, in which case the Company will release the transferor from its obligations under the existing Water Use Agreement);
- the registration of securities taking priority over the Encumbrance; and
- the alteration of the ranking and level of priority of securities taking priority over the Encumbrance.

In the case of Shareholders who do not own or control land in the Scheme Area over which the Company can register an Encumbrance, the Company will require the payment of the estimated net present value of 20 years Water Use Charges as consideration for entering into the Water Use Agreement.

If a Wet Shareholder fails to pay the Water Use Charges payable under the relevant Water Use Agreement, the Company may, at the Board's discretion and on not less than one month's notice:

- exercise any remedy it has under the Water Use Agreement;
- exercise its powers under the Encumbrance; or
- elect to treat that Wet Shareholder as a Dry Shareholder.

Dry Supply Agreement

The Company reserves the right, after the Operational Date, to require Dry Shareholders to enter into a Dry Supply Agreement under which they are required to pay Water Use Charges for the rights to water attaching to their Shares at the Dry Rate. A Shareholder who is party to a Dry Supply Agreement may elect to enter into a Water Use Agreement on three months' notice to the Company, therefore terminating the Dry Supply Agreement.

If a Dry Shareholder fails to enter into a Dry Supply Agreement or pay Water Use Charges payable under the relevant Dry Supply Agreement, the Company may, at the Board's discretion and on not less than three months' notice, forfeit the rights to water attached to that Dry Shareholder's Shares.

Licensing of Rights to Water

Shareholders will be able to licence the rights to water attached to their Shares to farmers in the Scheme Area on a season by season basis in a Water Use Licence on such terms and conditions as they see fit but subject always to the Board's approval. The Board may withhold its approval to a Water Use Licence if:

- it believes that the Water Use Licence will not be in the best interests of the Scheme; or
- it is not feasible or economic to reticulate water to the proposed licensee.

The Shareholder and licensor under a Water Use Licence will still be required to enter into a Water Use Agreement with the Company and will remain liable to the Company for any breach of the terms of such Water Use Agreement.

Priority to Unallocated Water

In addition to the rights to water attaching to Shares, Shareholders will have a priority right to purchase any unallocated water in the event that their requirements exceed the rights to water attaching to their Shares.

SECTION 7 - TERMS OF NEW SHARES

The subscription price for the New Shares will be payable in three instalments, as follows:

- NZD\$4.00 on allotment;
- NZD\$2.00 on the date six months after the Closing Date, being 31 May 2011; and
- NZD\$2.00 on the first anniversary of the Closing Date, being 30 November 2011.

If a Shareholder fails to pay the second and third instalments of the subscription price for the New Shares the Company may forfeit those Shares in accordance with paragraph 1.5 on page 15 below.

The New Shares will rank equally in all respects, including rights to water, with the existing Shares. If all the New Shares are subscribed for under this Offer, the Company estimates that a Share will carry the right to take 476 cubic metres of water from the Scheme per annum, at a maximum rate of flow of 0.6 litres per second per hectare from the Scheme, subject to the Company confirming the terms of the necessary resource consents, the Shareholder entering into a Water Use Agreement with the Company and the infrastructure required to take and convey that water being funded and built².

When Shareholders are considering whether they need to take up New Shares, they should base their calculations on a requirement to hold approximately 13 Shares per hectare of land to be irrigated. Shareholders may acquire Rights from other Shareholders who wish to renounce those Rights. This estimate of the number of Shares required to irrigate land is an indicative level of investment only and does not provide for individual requirements as to quantity and reliability. Subject to any statutory requirements and the requirements of the Company's constitution, the Company will not impose any restrictions on the number of Rights exercised by any Shareholder, provided such Shareholder validly holds such Rights via that Shareholder's original entitlement or by a valid transfer of Rights in accordance with the procedure set out in *Section 9 – Action to be taken by Applicants* on pages 18 and 19 of this Offer Document.

As noted under the heading *Section 5 - Status of Project* on page 7 above, the current estimate of the average seasonal reliability of supply (based on an assessment of hydrological records and calculated on an annual volumetric basis as a long term average across the Scheme, assuming a run-of-river supply and no storage) is approximately 60%. The Company seeks to augment this reliability by taking the steps and entering into arrangements outlined under the heading *Scheme Water Entitlement* on page 8 above. It is also open to individual Shareholders to enter into their own storage arrangements to increase the reliability of the water available to them for irrigation, as set out under the heading *Scheme Water Entitlement* on page 8 above.

The Company makes no guarantee that any quantity of water will be available, and incurs no liability if it is not so available. When finally determined, the terms of the resource consents for the Scheme may prevent the Company from extracting sufficient water to provide Shareholders with rights to water at the estimated rate or quantity outlined above. The Company may also need to raise further funds by way of further issue of Shares. In each such case, the Company may scale back the rights to water attached to

² Calculations for the Scheme are based on a maximum water demand of 376,000,000 cubic metres per annum for a scheme area of 60,000 hectares.

each Share pro rata. The Company may forfeit the rights to water attached to a Shareholder's Shares if that Shareholder fails to pay water use charges in respect of the rights to water attached to Shares.

The Company may elect not to supply water to a Shareholder who owns or controls land in the Scheme Area, if the Board determines that:

- it would be uneconomic for the Company to supply water from the Scheme to the land owned or controlled by that Shareholder in the Scheme Area;
- the conditions of the resource consents for the Scheme prohibit the supply of, or make it unfeasible for the Company to supply, water from the Scheme to that land; or
- the terms of the resource consents do not permit the Company to take the currently projected volumes of water.

If the Company exercises its right not to supply water from the Scheme to a Shareholder who owns or controls land in the Scheme Area, that Shareholder may elect:

- not to enter into a Water Use Agreement and be treated as a Dry Shareholder; or
- to convert their Shares into redeemable preference shares in the Company:
 - bearing interest at the rate of 3% per annum;
 - redeemable at the Company's option on one month's notice; and
 - that do not have attached rights to water.

The rate of any such conversion will be calculated on the basis of the greater of:

- the market price for such Shares during the period in which the conversion takes place, as determined by an independent valuer appointed by the Board; or
- the issue price for such Shares (to the extent that this has been paid on the date of conversion).

Transfer of Shares

Shares will be transferable at the Board's discretion. In exercising its discretion, the Board will consider what is in the best interests of the Company and water users and, in particular, may consider whether:

- there is an efficient market for water from the Scheme in the Scheme Area;
- the market for water in the Scheme Area is likely to be monopolised or "cornered" by one or more shareholders or intending shareholders; and
- the rights to water attached to Shares are used by farmers within the Scheme Area.

The Company's constitution also contains:

- "notice and pause" anti takeover provisions; and
- the ability for the Board to determine a minimum holding of Shares and compulsorily purchase shareholdings if they fall below the minimum level.

SECTION 8 – STATUTORY INFORMATION

1. MAIN TERMS OF OFFER

- 1.1 The name of the issuer is Central Plains Water Limited and its registered office is C/- Deloitte, Level 4, 32 Oxford Terrace, Christchurch.
- 1.2 The securities being offered are 394,002 New Shares which:
- (a) will rank equally with all existing Shares; and
 - (b) are being offered on a pro rata renounceable basis by the Company to its existing Shareholders.
- 1.3 The maximum number of New Shares being offered under this Prospectus is 394,002.
- 1.4 The subscription price for all New Shares is NZD\$8.00 per New Share payable:
- (a) NZD\$4.00 on allotment;
 - (b) NZD\$2.00 on the date 6 months after the Closing Date; and
 - (c) NZD\$2.00 on the first anniversary of the Closing Date.
- 1.5 If a Shareholder fails to pay the second or third instalment on their New Shares on or before 31 May 2011 or 30 November 2011 respectively, the Company may, at any time after such dates, serve a notice on that Shareholder requiring payment, together with any interest accrued and expenses incurred by the Company because of the non-payment. If the requirements of the notice are not met, the Company may resolve to forfeit the New Shares at any time before the required payment is made. The Company may dispose of any forfeited New Shares. The Company has a first and paramount lien on all New Shares registered in the name of a Shareholder, and upon the proceeds of sale of those New Shares, for any amounts payable for the New Shares and any interest arising on the New Shares. Failure to pay the second or third instalments on a Shareholder's New Shares on or before the due date and the consequential forfeiture of those New Shares, will also result in the contemporaneous loss of the rights to water attached to those New Shares.

2. PROSPECTS AND FORECASTS

- 2.1 It is not intended that the Company will trade in the foreseeable future. The long term trading prospects for the Company are dependent upon the success of this Offer, the defence of the resource consents, and the establishment of the Scheme. The funding provided to the Company through this Offer will be used by the Company to meet the costs and expenses of defending and amending the resource consents for the Scheme in the Environment Court or any other relevant forum, taking steps to raise the capital required to construct the Scheme, taking steps to use the resource consents available to the Scheme and all other related consultancy, governance and administration costs.
- 2.2 The resource consents have been obtained in the name of the Water Trust and the Water Trust owns the resource consents. If the Company is successful in confirming the terms of the resource

consents, the 2004 Memorandum will confer on the Company an exclusive right to use the resource consents for the purposes of the Scheme. The Company will be the only entity that can use and/or sub-licence the resource consents. In addition, the licence to use the resource consents granted to the Company will be irrevocable and royalty free. If the terms of the resource consents for the Scheme are confirmed, the successful establishment of the Scheme will then depend upon the Company, or an associated or related company, raising sufficient funds to undertake the extensive infrastructure works required for the Scheme, and otherwise establishing the Scheme. At that point the Company will derive income from the sale of water to water users under the Scheme.

- 2.3 The special trade factors and risks that could materially affect the prospects of the Company that are not likely to be known or anticipated by the general public are set out under the heading *Specific Risks* on pages 24 to 25.
- 2.4 The Offer is to provide funding to complete the resource consenting for the Scheme. A brief description of the status of the resource consents is set out under the heading *section 5 Status of Project*. It is not possible to give an indication of the expected financial benefits to the holders of the New Shares in detail until:
- (a) the resource consents and any terms and conditions attached are finally determined;
 - (b) the nature and extent of the Scheme is finalised; and
 - (c) the costs in relation to the Scheme are finally determined.
- 2.5 If at any time after the Operational Date the Scheme has excess capacity and the Board determines that:
- there is genuine and unsatisfied demand for water from the Scheme within the Scheme Area; and
- (a) the non usage of Scheme capacity will jeopardise the overall viability of the Scheme,
- the Company may:
- (b) repurchase as treasury stock; or
 - (c) require the transfer to the Company's nominee of,
- all or any of the Shares held by a Shareholder in excess of what that Shareholder reasonably requires to irrigate their land in the Scheme Area.

3. ISSUE EXPENSES

- 3.1 The estimated total amount of the issue expenses relating to this Prospectus are NZD\$75,000.00 including financial, legal, printing, Prospectus preparation, public relations, media, marketing and Prospectus management and governance fees. No commission is payable to any person in respect of the Offer.

4. OTHER TERMS OF OFFER AND SECURITIES

4.1 All terms of the Offer and terms of the New Shares being offered are set out elsewhere in this Prospectus, except for those implied by law or contained in the Company's constitution which can be inspected on the Company's online profile at www.companies.govt.nz or at www.cpw.com.co.nz.

5. FINANCIAL STATEMENTS

5.1 The date of the statement of financial position included in the Financial Statements, which comply with, and have been registered under, the Financial Reporting Act 1993, is 30 June 2010.

5.2 A copy of the Financial Statements and the auditor's report on the Financial Statements, can be obtained free of charge at the registered office of the Company, C/- Deloitte, Level 4, 32 Oxford Terrace, Christchurch, between 9am and 5pm on business days. They may also be inspected in the Company's online profile at www.companies.govt.nz or at www.cpw.com.co.nz.

6. DIRECTORS' STATEMENT


6.1 The Directors state that, in their opinion, after due enquiry by them, none of the following has materially and adversely changed during the period between 30 June 2010 and the date of registration of this Prospectus:

- (a) the trading or profitability of the Company and the issuing group;
- (b) the value of the Company's and the issuing group's assets; or
- (c) the ability of the Company and the issuing group to pay their liabilities due within the next 12 months.


DATED this _____ day of _____ 2010

This Prospectus has been signed by every person who is a Director of the Company, or by an agent thereof authorised in writing.


Directors of Central Plains Water Limited



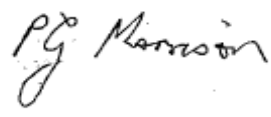
Patrick George Morrison




Douglas James Catherwood



William John Palmer



John William Donkers



Geoffrey Keith Stevenson

SECTION 9 – ACTION TO BE TAKEN BY APPLICANTS

Exercise of Rights

Shareholders may take any of the following actions in relation to their Rights entitlements:

- **Take up all Rights:** Complete, sign and send the Entitlement and Acceptance Form to the Registrar **no later than 5pm on 30 November 2010**, in accordance with the instructions on that form.
- **Sell all Rights:** Complete the relevant section of the Security Renunciation Form, ensuring they have included the "Reference No." shown on their Entitlement and Acceptance Form and stating the number of Rights they wish to sell, and pass the Security Renunciation Form to the person who has purchased their Rights. In order to acquire the New Shares associated with the Rights, the purchaser of the Rights will then need to submit the Security Renunciation Form, together with payment of the Application Money, to the Registrar **no later than 5.00pm on 30 November 2010**. If the purchaser fails to complete this final step the Rights will lapse.
- **Sell some Rights:** Complete the relevant section of the Security Renunciation Form, ensuring they have included the "Reference No." shown on their Entitlement and Acceptance Form and stating the number of Rights they wish to sell, and pass the Security Renunciation Form to the person who has purchased their Rights. In order to acquire the New Shares associated with the Rights, the purchaser of the Rights will then need to submit the Security Renunciation Form, together with payment of the Application Money, to the Registrar **no later than 5.00pm on 30 November 2010**. The Shareholder may then elect to:
 - take up the remaining Rights by completing, signing and sending the Entitlement and Acceptance Form to the Registrar **no later than 5pm on 30 November 2010**; or
 - do nothing further, in which case all remaining Rights will lapse.
- **Do nothing:** The Rights will then lapse.

Exercise of purchased Rights

Shareholders may not apply for New Shares in excess of the number to which they are entitled. Shareholders' entitlements are printed on each Entitlement and Acceptance Form. However, Shareholders and non-Shareholders may acquire additional New Shares by purchasing Rights from Shareholders who have renounced such Rights. To do this, a Security Renunciation Form must be obtained from a Shareholder renouncing their Rights and completed and signed in accordance with the instructions on that form.

The Company has established a website, www.cpwrights.co.nz, where Shareholders can notify their intention to buy or sell Rights along with their contact details so that other Shareholders and investors can contact them to buy or sell their Rights. Alternatively, Shareholders and other investors can telephone 03 371 3508 to list their Rights or notify their intention to purchase Rights.

Acceptance Documents must be in the name(s) of natural persons, companies or other legal entities. At least one full given name and surname is required for each natural person. Acceptance Documents in the name of a minor, fund, estate, trust, business, firm, partnership, club or other unincorporated body cannot be accepted. In those cases, Acceptance Documents must be made in the individual name(s) of

the person(s) who is (are) legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as applicable).

All Acceptance Documents

Shareholders should read this Offer Document and Acceptance Documents carefully and select, sign and date those of the Acceptance Documents relevant to their requirements. If the Acceptance Documents are signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate on the reverse of the Entitlement and Acceptance Form. Joint Applicants must all sign the Acceptance Documents.

All Application Money received shall be applied to the purchase of New Shares. To the extent applications for New Shares are not successful (such as where a Shareholder has paid for more than their entitlement without having purchased additional Rights), the relevant Application Money will be refunded, without interest within 10 working days of the allotment date.

Applicants should attach their cheque or bank draft, denominated in New Zealand currency, for the amount required to be paid, made payable to Central Plains Water Limited and crossed "Not Transferable". Post dated cheques will not be accepted. Once submitted, Acceptance Documents cannot be revoked or withdrawn.

Applicants should forward their completed Security Renunciation Form and/or Entitlement and Acceptance Form (as required) and cheque or bank draft for the required sum to:

Central Plains Water Limited

C/- Link Market Services Limited

PO Box 384

Ashburton 7740

Please note that the completed Security Renunciation Form and Entitlement and Acceptance Form (as required) must be received by the Registrar no later than 5.00pm on 30 November 2010.

Treatment of Acceptance Documents

The submission of Acceptance Documents with a cheque or bank draft for the Application Money will constitute an offer to subscribe for New Shares. If Acceptance Documents are not completed correctly, or if the accompanying payment is the wrong amount, they may still be treated as valid.

Any decision of the Company as to whether to treat Acceptance Documents as valid, and how to construe, amend or complete Acceptance Documents, shall be final. Any decision on the number of New Shares to be allocated to an Applicant shall also be final. Applicants will not, however, be treated as having offered to purchase a greater value of New Shares, than that for which payment has been made.

Applicants to this Offer whose Acceptance Documents are not accepted, or are accepted for fewer New Shares than sought, will receive a refund of all, or part, of their Application Money, without interest, as required.

SECTION 10 – INVESTMENT STATEMENT

Answers to Important Questions

This is an Investment Statement for the purposes of the Securities Act 1978, prepared as at 29 October 2010, for Central Plains Water Limited (the "**Company**"), a company incorporated under the Companies Act 1993. This Investment Statement is attached to a prospectus (the "**Prospectus**" and, together with this Investment Statement the "**Offer Document**"), dated 29 October 2010, registered under the Securities Act 1978 which contains an offer of the shares ("**New Shares**") to which this Investment Statement relates.

1. What sort of investment is this?

The Company is offering a maximum of 394,002 New Shares to its existing Shareholders at an issue price of NZD\$8.00 per New Share (the "**Offer**").

The New Shares will rank equally with all existing Shares in the Company in all respects, including rights to water.

2. Who is involved in providing it to me?

Issuer

The issuer is the Company. Its registered office is C/- Deloitte, Level 4, 32 Oxford Terrace, Christchurch.

Directors of the Issuer

The Company's directors ("**Directors**") as at the date of this Investment Statement are:

Patrick George Morrison

John William Donkers

Geoffrey Keith Stevenson

Douglas James Catherwood

William John Palmer

Activities of the Issuer

The Company is a limited liability company and was incorporated on 23 May 2003. Since its incorporation, the Company has sought funding to enable it to apply, in the name of the Central Plains Water Trust (the "**Water Trust**"), for the resource consents necessary for the Central Plains Water Enhancement Scheme (the "**Scheme**") to proceed.

The Company has procured a number of resource consents for and on behalf of the Water Trust to take water from Rakaia and Waimakariri Rivers from the Canterbury Regional Council (the "**Consents**"). A number of the Consents remain subject to appeal and the final terms and conditions of the Consents have yet to be determined.

When the Consents are finally confirmed and all applicable conditions determined, the Water Trust (as owner of the Consents) will make the Consents available to the Company on an exclusive basis on the terms and conditions set out in the Memorandum of Agreement dated 5 November 2004, Memorandum of Agreement dated 21 September 2006 and a Deed of Covenant dated 22 November 2007, all between the Company and the Water Trust. The Company will be the only entity that can use and/or sublicense the Consents. In addition, the licence to use the Consents granted to the Company will be irrevocable and royalty free.

The long term trading prospects for the Company depend on the success of this Offer, the successful defence of the Consents and successful establishment of the Scheme.

The funding provided to the Company through this New Share issue will be used by the Company to confirm the terms of the Consents by resolving any appeals in the Environment Court and any other applicable forum, take steps to raise the capital necessary to construct the Scheme, take steps to use the resource consents available to the Scheme and all other related consultancy, governance and administration costs that are approved by the Board.

If the Consents are confirmed by the Company, the successful establishment of the Scheme will then depend on the Company or an associated or related company raising sufficient funds to undertake the extensive infrastructure works required for the Scheme, and otherwise establishing the Scheme. At that point the Company will derive income from the sale of water to farmers.

At the date of this Investment Statement the Company has no fixed assets or any assets which are owned or held under lease.

3. How much do I pay?

The Company's Shareholders ("**Shareholders**") will be entitled to subscribe for one New Share for every existing Share they hold in the Company as at 5.00pm on 29 October 2010. In addition, Shareholders will be entitled to renounce their Rights to subscribe for New Shares in favour of other Shareholders or non-Shareholders. Applications for New Shares must be received by the Company by no later than 5.00pm on 30 November 2010 (the "**Closing Date**").

The subscription price for the New Shares is NZD\$8.00 per New Share. An Applicant for New Shares is required to pay the subscription price in three instalments being NZD\$4.00 per New Share on allotment ("**Application Money**") and two further instalments of NZD\$2.00 and NZD\$2.00 per New Share on the dates six months after the Closing Date and the first anniversary of the Closing Date, respectively.

Payment of the Application Money should be made by cheque or bank draft (made out to Central Plains Water Limited) and sent together with the completed Acceptance and Entitlement Form and/or Security Renunciation Form, contained in the Prospectus, to Central Plains Water Limited, c/- Link Market Services Limited, P O Box 384, Ashburton.

If an Applicant for New Shares fails to pay the second or third instalment on their New Shares on or before the due date for payment, the Company may, at any time after such dates, serve a notice on that person requiring payment, together with any interest accrued and expenses incurred by the Company because of the non-payment. If the requirements of the notice are not complied with, the Company may resolve to forfeit those New Shares at any time before the required payment is made. The Company may dispose of any forfeited New Shares. The Company has a first and paramount lien on all New Shares registered in the name of a Shareholder, and upon the proceeds of sale of those New Shares for any amounts payable in respect of the New Shares and any interest arising on the New Shares.

Investors applying under this Offer whose Acceptance Documents are not accepted, or are accepted in respect of a lesser value of New Shares than the amount for which they applied (such as where a Shareholder has paid for more than its entitlement without having purchased additional Rights), will receive a refund of all, or part, of their Application Money without interest as required.

Receipts for Application Money will not be issued.

Under the Financial Transactions Reporting Act 1996, investors may be required to produce evidence of their identity in certain circumstances.

The Application Money must be received by the Company no later than 5pm on the Closing Date.

4. What are the charges?

No charges are payable by the investor in respect of the issue of the New Shares.

No charges are payable to the Company or any associated person of the Company by or for a person applying for New Shares.

After the New Shares have been issued, there is no right to increase the amount payable by the investor for the New Shares.

Water Use Charges may be payable by investors from the operational date of the Scheme (the "**Operational Date**") under the terms of a water use agreement or a dry supply agreement for the rights to water attaching to the New Shares.

The Company will have a first and paramount lien over the New Shares for:

- (a) any unpaid call on the New Shares; and
- (b) any amount outstanding under the terms of the Water Use Agreement, or Dry Supply Agreement, governing the rights to water attaching to those New Shares.

5. What returns will I get?

Returns

As a holder of New Shares an investor will receive no return by way of dividends or rebate. What an investor will receive, if the terms of the Consents are confirmed, that investor enters into a Water Use Agreement and the infrastructure required to take and convey that water being funded and established, are rights to water. This will only have intrinsic value to an investor after the Operational Date.

Economic benefits

If the Scheme proceeds, it is likely to bring benefits to the area to be irrigated, and enhance the value of all farm land having access to the water within the Scheme Area.

Financial returns

No indication of the financial benefits from the Scheme can be given in detail until the cost of the Scheme has been finalised. It is not anticipated that the Company will trade in the foreseeable future and accordingly no dividend is promised or guaranteed and no indication can be given as to whether taxes, duties, reserves or retentions will, or are likely to affect returns.

If the Scheme proceeds then the holders of New Shares will have rights to water subject to certain terms and conditions as set out on pages 13 and 14 of the Prospectus.

No amount of returns, quantifiable at the date of this Investment Statement and enforceable by investors, is promised.

There are no dates on which, or frequency with which, returns will be due and paid.

The Company is liable to pay any returns.

Key factors determining returns

The key factors that determine returns are:

- whether the Company can confirm the terms of the Consents;
- whether the company can raise the capital required to construct the Scheme infrastructure;
- the governance and management of the Scheme;
- the quality of the irrigation infrastructure;

- the amount of water extracted from the Waimakariri and Rakaia rivers for the Scheme which in turn depends on the flow of water in those rivers; and
- how soon Consents are confirmed and infrastructure is built.

6. What are my risks?

General risks

Prospective investors should recognise that the price of the New Shares may fall, as well as rise. The price at which Shareholders are able to sell their New Shares may be less than the price they have paid for them, or the Shareholders may be unable to sell their New Shares at all due to market volatility or for other reasons. Therefore, an investor may not recover in full the money paid to subscribe for New Shares.

Many factors may affect the price of the New Shares, including:

- the outcome of any appeal to the grant of any of the Consents;
- prevailing economic conditions;
- investor sentiment;
- interest rates;
- local and international stock market conditions;
- the financial performance of the Company being worse than expected, due to factors that may include those described in the section entitled *What returns will I get?*; or
- the Company being placed into liquidation.

Shareholders should be aware that there is no guarantee that they will receive the returns described in the section entitled *What returns will I get?*

The future operational and financial performance of the Company may be affected by a number of risk factors set out on pages 24 to 25 and elsewhere in this Offer Document, and these factors should also be taken into consideration. Although the Directors have in place risk strategies to counter most of these risks where possible, the Directors cannot give any guarantee or assurance that these strategies will remove the risks.

The Company is exposed to government and local authority policies and laws that could have a direct effect on the Company.

There is a risk that the performance of the Board does not meet the required standards, either individually or collectively. The Board is aware of its responsibilities, and the requirements of New Zealand companies and securities law in relation to good governance, and will continue to develop its code of governance.

Certain statements in this Offer Document constitute forward-looking information. The accuracy of such forward-looking information may be affected by known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information included in this Offer Document. Such factors include, among other things, the success of the resource consenting process and general economic and business conditions.

Given these uncertainties, prospective investors are cautioned not to place undue reliance on the forward-looking information contained in this Offer Document. In addition, under no circumstances should the inclusion of such forward-looking information statements in this Offer Document be regarded as a representation or warranty by the Company, or any other person:

- that the results set out in such statements will be achieved; or
- that the underlying assumptions used in preparing such statements are or will be correct.

To the extent permitted by law, the Company disclaims any responsibility to update any of the risk factors outlined above, or publicly announce the result of any revisions to any of the forward-looking statements contained in this Offer Document.

Specific Risks

The special trade factors and risks that could materially affect the prospects of the Company that are not likely to be known or anticipated by the general public are:

- As at 30 June 2010 the Company had negative equity of NZD\$9,693,433 and this negative equity has continued to increase as at the date of this Prospectus and will continue to increase, due to the ongoing costs associated with confirming the terms of the Consents and interest accruing pursuant to the loans obtained by the Company for working capital, until further capital is raised. If the Company is not successful in raising the necessary capital and other sources of funding are not made available, adjustments may have to be made to reclassify certain non-current liabilities as current liabilities. Advances made to the Company will not be repayable in cash until the Scheme has become operational. In addition, the terms under which certain advances (as described in note 7 to the Company's financial statements) have been made to the Company may result in the capitalisation of such advances into Shares or in the advances being repaid in cash over an agreed period of time. Further details relating to this fundamental and material uncertainty are described in the Statement of Accounting Policies in the Financial Statements and the auditor's report in the Financial Statements.
- Any capital raised under this Offer will be used by the Company to confirm the terms of the Consents by resolving any appeals in the Environment Court and any other applicable forum, take steps to raise the capital necessary to construct the Scheme, take steps to use the resource consents available to the Scheme and all other related consultancy, governance and administration costs that are approved by the Board.
- The Consents may not be successfully defended and as a consequence the Scheme will not be able to proceed. In such circumstances, all of the funds raised by the Offer may be irrecoverable.
- The Consents may be confirmed, but the Scheme may not be economically feasible because the costs of constructing and operating the Scheme outweigh the benefits of irrigating land in the area to be serviced by the Scheme with water from the Scheme. In such circumstances, all of the funds raised by the Offer may be irrecoverable. The key cost components of the Scheme are:
 - **Capital costs:** Part of the proceeds of this Offer have been provisionally allocated for survey, geotechnical investigations and design. This will lead to a more detailed definition of the Scheme's physical components and operational methods, providing improved cost estimates prior to committing to construction. If capital costs rise excessively some economies could be made such as reducing the scale of capital works on the intake systems, eliminating race lining in less critical areas and allowing races to seal over time with transported sediments, reducing standards on access facilities and reducing bywash capacities. It must be noted that these economies would have operational implications. For example, reducing the scale of capital works on the intake systems is likely to lead to higher operational costs and eliminating race lining in some areas may lead to higher maintenance costs.
 - **Operating and maintenance costs:** Cost estimates will be refined before construction starts, following the more detailed definition of the Scheme. Annual operation and maintenance costs are likely to be minor when compared with the costs of servicing the capital investment. If operation and maintenance costs rise excessively, some economies could be made such as less frequent river diversions, pumping more water during periods when electricity is cheaper or having a reduced regime of race maintenance. It must be noted that such economies would have operational and possibly negative economic implications.
- The Consents may be confirmed, but the Company may be unable to raise the necessary finance to implement the Scheme. In such circumstances, all of the funds raised by the Offer may be irrecoverable.

- The Canterbury Regional Council's decision provides that lapsing provisions of section 125 of the Resource Management Act 1991 shall not apply until eight years after the commencement of the Consents. Although this period is longer than the usual five year period, there is a risk that the Consents may not be given effect to within such a period. In such a case, there is a risk that the Consents may lapse if the deadline for completing the construction of the Scheme cannot be extended. In such circumstances, all of the funds raised by the Offer may be irrecoverable.
- When finally confirmed, the Consents may be subject to conditions that constrain the Scheme excessively and make it uneconomic for the Company to proceed. In such circumstances, all of the funds raised by the Offer may be irrecoverable.
- Low farm incomes or commodity prices may also result in the capital and operational costs of the Scheme outweighing the benefits of irrigation with water from the Scheme. This may affect the financial viability of the Scheme.
- The New Zealand agricultural sector is vulnerable to a wide range of diseases. The impact of any one or a number of such diseases occurring in the area to be serviced by the Scheme cannot be quantified. This may affect the financial viability of the Scheme.
- Changing weather and climatic conditions may impact on the operational and financial viability of the Scheme.
- It is also important to note that the Scheme's establishment costs can only be finalised once the Consents have been confirmed and that both:
 - the terms of the Consents; and
 - the Scheme's establishment and operational costs,
 will dictate the cost of distributing water. The extent of the area eventually serviced by the Scheme will depend on the cost of distributing water.
- Entities from within or outside the Scheme area could compete for water from the Rakaia and Waimakariri Rivers, potentially reducing the supply of water on which the Scheme will depend.

If any of the risk factors outlined above eventuate, the money invested in Shares in the Company will be at risk.

A Shareholder will not be required to pay more money for New Shares registered in the name of that Shareholder other than as disclosed in paragraph 1.4 on page 15 of this Offer Document. For a description of the risks associated with the non-payment of the second and third instalments, see paragraph 1.5 on page 15.

If the Company is placed in liquidation, the residual value of its assets may not be sufficient for Shareholders to recover the value of their original investment in full or in part and each Shareholder may receive in total less than the amount paid to the Company for the New Shares. Shareholders will not be liable to pay money to any person as a result of the Company's insolvency. If the Company is put into liquidation or wound-up, claims on the Company's assets by secured creditors and other creditors will rank ahead of claims of Shareholders, and the holders of the New Shares and existing shares will rank equally with one another. Shareholders' recourse will be limited to the amount available for distribution out of the Company's assets. Also, the fees of any agents, solicitors, bankers, accountants or other persons whom the Company employs in connection with its winding up will have priority to the claims of Shareholders. Taxation payable in respect of the Company will rank ahead of claims by Shareholders.

7. Can the investment be altered?

After the New Shares are issued there is no right to increase the amount payable by an applicant for New Shares.

The Company can issue further shares ranking ahead of or equally with the New Shares. The consent of the holders of the New Shares does not have to be sought or obtained.

The Company may elect not to supply water to a Shareholder who owns or controls land in the Scheme Area, if the Board determines that:

- it would be uneconomic for the Company to supply water from the Scheme to the land owned or controlled by that Shareholder in the Scheme Area;
- the conditions of the Consents prohibit the supply of, or make it unfeasible for the Company to supply, water from the Scheme to that land; or
- the terms of the Consents do not permit the Company to take the currently projected volumes of water.

If the Company exercises its right not to supply water from the Scheme to a Shareholder who owns or controls land in the Scheme Area that Shareholder may elect:

- not to enter into a Water Use Agreement and be treated as a Dry Shareholder; or
- to convert their Shares into redeemable preference shares in the Company:
 - bearing interest at the rate of 3% per annum;
 - redeemable at the Company's option on one month's notice; and
 - that do not have attached rights to water.

The rate of any such conversion will be calculated on the basis of the greater of:

- the market price for such Shares during the period in which the conversion takes place, as determined by an independent valuer appointed by the Board; or
- the issue price for such Shares (to the extent that this has been paid on the date of conversion).

Shareholders may sell their Shares to another person in accordance with the Company's constitution. In that event, fees of the Registrar may be payable, but there is no fee payable to the Company for a transfer of Shares.

If at any time after the Operational Date the Scheme has excess capacity and the Board determines that:

there is genuine and unsatisfied demand for water from the Scheme within the Scheme Area; and

(d) the non usage of Scheme capacity will jeopardise the overall viability of the Scheme,

the Company may:

- (e) repurchase as treasury stock; or
- (f) require the transfer to the Company's nominee of,

all or any of the Shares held by a Shareholder in excess of what that Shareholder reasonably requires to irrigate their land in the Scheme Area.

The consideration for the repurchase or transfer of each Share shall be the market price for such Shares as determined by an independent valuer.

The Company's constitution may be altered by a resolution approved by a majority of 75 per cent of Shareholders.

8. How do I cash in my investment?

Early termination

There is no right to seek repayment of the capital on the New Shares.

Transfer of Shares

A Shareholder is entitled to sell Rights and New Shares to another person. The Rights and the New Shares will not be listed on the NZX and there is no established market available to sell Rights or New Shares. However, the Company has established a website, cpwrights.co.nz, where shareholders can publicise their intention to buy or sell Rights along with their contact details so that other Shareholders and investors can contact them to buy or sell their Rights. Alternatively, Shareholders and other investors can telephone 03 371 3508 to list their Rights or notify their intention to purchase Rights.

Brokerage fees may be payable on Share transactions. Shares will be transferable at the Board's discretion. Any transfer of Shares will also result in the contemporaneous transfer of the rights to water attaching to those Shares. In exercising its discretion, the Board will consider what is in the best interests of the Company and water users and, in particular, may consider whether:

- there is an efficient market for water from the Scheme in the Scheme Area;
- the market for water in the Scheme Area is likely to be monopolised or "cornered" by one or more shareholders or intending shareholders; and
- the rights to water attaching to Shares are used by farmers within the Scheme Area.

The Company's constitution also contains:

- "notice and pause" anti-takeover provisions; and
- the ability for the Board to determine a minimum holding of Shares and compulsorily purchase shareholdings if they fall below the minimum level.

Fees may be payable to the Registrar on the transfer of Shares.

9. Who do I contact with enquiries about my investment?

Inquiries about the New Shares may be made to the following:

The Chairman
Central Plains Water Limited
PO Box 248
Christchurch
Telephone: 03 318 3783
Email: info@cpwl.co.nz

10. Is there anyone to whom I can complain if I have problems with the investment?

Complaints about the New Shares may be made to the following:

The Chairman
Central Plains Water Limited
PO Box 248
Christchurch
Telephone: 03 318 3783
Email: info@cpwl.co.nz

There is no ombudsman to whom complaints about the New Shares can be made.

11. What other information can I obtain about this investment?

Further information about the Company and the New Shares is contained in the Prospectus and in financial statements of the Company, copies of which may be obtained free of charge by writing to:

The Chairman
Central Plains Water Limited
PO Box 248
Christchurch
Email: info@cpwl.co.nz

A copy of the Prospectus and the Company's financial statements and other documents relating to the Company (including the Company's constitution, the Company's prospectus dated 11 November 2004 and the Memorandum of Agreement dated 5 November 2004 between the Company and the Water Trust ("**2004 Memorandum**")) may also be inspected:

- at the registered office of:
 - Central Plains Water Limited
 - C/- Deloitte
 - Level 4
 - 32 Oxford Terrace
 - Christchurch
 - New Zealand
- on the Company's website: www.cpwl.co.nz; and
- on a public register on which they are filed at the Companies Office of the Ministry of Economic Development (including at www.companies.govt.nz).

The 2004 Memorandum was amended and supplemented by a Memorandum of Agreement dated 21 September 2006 and a Deed of Covenant dated 22 November 2007. A copy of these documents may be inspected at the Company's registered office (C/- Deloitte, Level 4, 32 Oxford Terrace, Christchurch).

The Company is registered on the Financial Service Providers Register. An investor can search the Financial Service Providers Register to find out details about the Company on <http://www.business.govt.nz/fsp/>.

An annual report complying with the Companies Act 1993 will be given annually to all holders of Shares.

The Company must keep minutes of all meetings and resolutions of Shareholders, copies of all written communications to Shareholders (including annual reports and financial statements), certificates given by Directors and the Company's interests register for inspection by Shareholders for a ten year period. These documents can be inspected on the Company's website: www.cpwl.co.nz or, on business days, at the registered office of the Company:

Central Plains Water Limited
C/- Deloitte
Level 4
32 Oxford Terrace
Christchurch
New Zealand

An annual meeting of the Company will be held after the end of each financial year.

Under section 54B of the Securities Act 1978, the Company is required to supply a Shareholder with the following documents and information on request:

- a copy of the most recent annual report and financial statements of the Company, together with all documents that are required to be registered with those financial statements under the Financial Reporting Act 1993;
- a copy of the most recent Prospectus relating to Shares; and
- a copy of the most recent Investment Statement relating to Shares.

Such a request should be made in writing to the Company and posted or emailed to:

The Chairman
Central Plains Water Limited
PO Box 248
Christchurch
Email: info@cpwl.co.nz

A reasonable fee for photocopying and postage expenses may be charged.

SECTION 11 - GLOSSARY

| | |
|--|---|
| Acceptance Documents | means the Entitlement and Acceptance Form and/or Security Renunciation Form as the context requires. |
| Applicant | means a person who submits a validly completed Entitlement and Acceptance Form and/or Security Renunciation Form. |
| Application Money | means the sum of NZD\$4.00 per New Share payable on application under this Offer. |
| Board | means the Board of directors of the Company. |
| Closing Date | means 30 November 2010. |
| Company | means Central Plains Water Limited. |
| Directors | means the directors of the Company. |
| Dry Rate | means the rate at which the Company may make a Water Use Charge against a Dry Shareholder under a Dry Supply Agreement not being less than 50% of the Wet Rate. |
| Dry Shareholders | means a Shareholder who, after the Operational Date, not enter into a Water Use Agreement. |
| Dry Supply Agreement | means an agreement between the Company and a Dry Shareholder under which the Dry Shareholder is to pay Water Use Charges at the Dry Rate. |
| Encumbrance | means an encumbrance or mortgage registered over a Wet Shareholder's land securing the performance of that Wet Shareholder's obligations under a Water Use Agreement. |
| Entitlement and Acceptance Form | means an entitlement and acceptance form in the form attached to and forming part of this Offer Document. |
| Financial Statements | means the Company's audited financial statements for the year ended 30 June 2010. |
| 2004 Memorandum | means the Memorandum of Agreement dated 5 November 2004 between the Company and the Water Trust as amended and supplemented by the Memorandum of Agreement dated 21 September 2006 and a Deed of Covenant dated 22 November 2007. |
| 2004 Prospectus | means the Company's prospectus dated 11 November 2004. |
| New Share | means a Share in the Company subscribed for under this Offer. |
| Offer | means the offer of New Shares described in this Offer Document. |
| Offer Document | means this Prospectus together with the Investment Statement set out in Section 10 – Investment Statement. |
| Opening Date | means 1 November 2010. |
| Operational Date | means the date on which the Board deems the Scheme operational. If the Scheme becomes operational in stages, the Board may declare an Operational Date for each part of the Scheme when it deems that part of the Scheme operational. |
| Prospectus | means this registered Prospectus. |
| Registrar | means Link Market Services Limited. |
| Rights | means the renounceable rights to subscribe for New Shares pursuant to this Offer Document. |
| Scheme | means the water enhancement scheme providing surface water for community irrigation on the Central Plains of Canterbury proposed by the Company and the Water Trust. |
| Scheme Area | means the area of the Central Plains to be serviced by the Scheme, as described in the 2004 Prospectus. |
| Security Renunciation Form | means the security renunciation form to be used by a Shareholder to renounce their Rights in favour of another person in the form attached to and forming part of |

this Offer Document.

| | |
|----------------------------|---|
| Share | means a share in the Company, including a New Share. |
| Shareholder | means a holder of Shares. |
| Water Trust | means the Central Plains Water Trust, a charitable trust incorporated under the Charitable Trusts Act 1957 on 26 September 2003. |
| Water Use Agreement | means an agreement between the Company and a Shareholder under which the Company will supply water to that party. |
| Water Use Charges | means the charges payable under a Water Use Agreement in respect of use of water from the Scheme or otherwise levied by the Company in respect of rights to water attaching to Shares (including any charges for rights to water at the Dry Rate after the Operational Date). |
| Water Use Licence | means an arrangement under which a Shareholder licences the rights to water attaching to that Shareholder's Shares to a third party who owns or controls land in the Scheme Area. |
| Wet Rate | means the rate of Water Use Charge under a Water Use Agreement. |
| Wet Shareholder | means a Shareholder who has entered into a Water Use Agreement. |

DIRECTORY

Issuer

Central Plains Water Limited
c/- Deloitte
Level 4
(PO Box 248)
32 Oxford Terrace
Christchurch

Solicitors to the Issuer

Buddle Findlay
Level 13
Clarendon Tower
(PO Box 322)
78 Worcester Street
Christchurch

Accounting Advisers

Deloitte
Level 4
(PO Box 248)
32 Oxford Terrace
Christchurch

Engineering, Environmental and Management Consultants

GHD Limited
Level 4
Spicer Building
148 Victoria Street
Christchurch

Registrar

Link Market Services Limited
138 Tancred Street
(P O Box 384)
Ashburton

ENTITLEMENT AND ACCEPTANCE FORM

Please pin
cheque here

CENTRAL PLAINS WATER LIMITED

ENTITLEMENT AND ACCEPTANCE FORM

RENOUNCEABLE ISSUE OF UP TO 394,002 ORDINARY SHARES ISSUED IN THE RATIO OF 1 SHARE FOR EVERY 1
ORDINARY SHARE HELD, AT AN ISSUE PRICE OF NZD\$8.00 PER ORDINARY SHARE

IMPORTANT: THIS DOCUMENT IS OF VALUE AND REQUIRES YOUR IMMEDIATE ATTENTION

Please read the reverse of this form, which contains detailed instructions for completing this form. If you are in any doubt as to how
to deal with this form please consult your financial or legal adviser immediately.

SHAREHOLDER'S FULL NAME AND ADDRESS

| |
|------------|
| Reg Line 1 |
| Reg Line 2 |
| Reg Line 3 |
| Reg Line 4 |
| Reg Line 5 |
| Reg Line 6 |

CSN/HOLDER NUMBER

| |
|-------------------|
| CSN/Holder Number |
| Barcode |

| CLASS OF SECURITY HELD | HOLDING AT 5PM 29 OCTOBER 2010 | ENTITLEMENT TO NEW SHARES |
|------------------------|--------------------------------|---------------------------|
| Ordinary Shares | «Shares» | «Entitle» |

| AMOUNT PAYABLE AT \$4.00 PER SHARE |
|------------------------------------|
| «Payable» |

The price payable for each New Share in Central Plains Water Limited is NZD\$8.00 per share payable in three instalments of NZD\$4.00 on application, NZD\$2.00 on 31 May 2011 and NZD\$2.00 on 30 November 2011.

You may accept all or some of the New Shares in Central Plains Water Limited and sell your Rights to New Shares you do not accept to another person. You may not apply for New Shares in excess of the number to which you are entitled. You may acquire more New Shares than your full entitlement by purchasing Rights from Shareholders who have renounced some or all of their Rights.

PLEASE COMPLETE THE FOLLOWING TO INDICATE THE NUMBER OF NEW SHARES YOU INTEND TO ACCEPT:

Number of New Shares that I intend to **ACCEPT**:

| | |
|--------------|--|
| BOX 1 | |
|--------------|--|

PLEASE COMPLETE THE FOLLOWING TO INDICATE THE NUMBER OF RIGHTS YOU INTEND TO SELL:

Number of Rights that I intend to **SELL**:

| | |
|--------------|--|
| BOX 2 | |
|--------------|--|

PLEASE COMPLETE THE FOLLOWING TO INDICATE THE AMOUNT YOU ARE REQUIRED TO PAY FOR THE FIRST INSTALMENT OF THE SUBSCRIPTION PRICE FOR THE NUMBER OF NEW SHARES YOU INTEND TO ACCEPT:

I attach a cheque for the **first instalment** of the subscription price for the number of New Shares accepted:

| | |
|--------------|---|
| BOX 3 | NZD\$ <small>(to calculate the amount of the first instalment multiply Box 1 by the price payable for each New Share (NZD\$8.00 per New Share) and divide by two)</small> |
|--------------|---|

PLEASE SIGN THIS FORM BELOW (SEE THE REVERSE OF THIS FORM FOR SIGNING INSTRUCTIONS):

In terms of Central Plains Water Limited's offer of New Shares in the Short Form Prospectus dated 29 October 2010, I/we hereby accept the offer for the number of New Shares in Central Plains Water Limited entered above. By accepting the offer, I/we give the acknowledgements and undertakings set out on the reverse of this form.

Dated this _____ day of _____ 2010

Signed _____
(For signing instructions, please see reverse)

IF THIS FORM IS SIGNED BY AN ATTORNEY, THE ATTORNEY MUST COMPLETE THE CERTIFICATE BELOW:

I, _____ (name of Attorney) of _____ (Address/Occupation) sign this form under a Power of Attorney dated the _____ day of _____ 2010, and pursuant to the powers thereby conferred on me. The Shareholder appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney. At the date of this form I have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Shareholder or otherwise.

IMPORTANT: If you choose to take up all or part of your entitlement, this form, together with the first instalment payable, must be returned so as to be received by Link Market Services Limited, PO Box 384, Ashburton 7740 no later than 5pm 30 November 2010.
This Entitlement and Acceptance Form is issued pursuant to the terms set out in the short form prospectus dated 29 October 2010.

INSTRUCTIONS FOR COMPLETING THIS FORM

A. To accept all of the New Shares offered or accept some New Shares and allow the remaining Rights to lapse

- Insert in Box 1 on the front of this form the number of New Shares you wish to accept.
- Insert in Box 3 the full amount payable for accepting the New Shares. To calculate the first instalment payable on acceptance of this offer, multiply the number of New Shares you wish to accept by the issue price of NZD\$8.00 and then divide by 2.
- Return this Entitlement and Acceptance Form with your cheque or bank draft for the full amount payable, using the postage paid envelope to Link Market Services Limited, PO Box 384, Ashburton 7740 by 5pm on 30 November 2010.

B. To sell all of your Rights or sell some of your Rights and allow the remaining Rights to lapse

- Complete the relevant section of the Security Renunciation Form, ensuring you have included the "Reference Number" shown on the front of this form and pass the Security Renunciation Form to the person who has purchased your Rights. You will need to make sure that the Security Renunciation Form is signed by both you and the buyer.
- To acquire the New Shares associated with the Rights, the purchaser of the Rights will then need to complete the Security Renunciation Form and submit it to Link Market Services Limited, PO Box 384, Ashburton 7740 no later than 5.00pm 30 November 2010.

C. To accept some of the New Shares offered and sell the remaining Rights

- Insert in Box 1 on the front of this form the number of New Shares you wish to accept.
- Insert in Box 2 on the front of this form the number of Rights to New Shares you wish to sell.
- Insert in Box 3 on the front of this form the full amount payable for accepting the New Shares. To calculate the first instalment payable on acceptance of this offer, multiply the number of New Shares you wish to accept by the issue price of NZD\$8.00 per New Share and divide by 2.
- Return this Entitlement and Acceptance Form with your cheque or bank draft for the full amount payable, using the postage paid envelope to Link Market Services Limited, PO Box 384, Ashburton 7740 by 5pm on 30 November 2010.
- Complete the relevant section of the Security Renunciation Form, ensuring you have included the "Reference Number" shown on the front of this form and the number of Rights you are renouncing or wish to transfer (Box 2), and pass the Security Renunciation Form to the person who has purchased your Rights. You will need to make sure that the Security Renunciation Form is signed by both you and the buyer.
- To acquire the New Shares associated with the Rights, the buyer of the Rights will then need to complete the Security Renunciation Form and submit it to Link Market Services Limited, PO Box 384, Ashburton 7740 by 5.00pm 30 November 2010.

D. To allow your Rights to lapse

- Simply do nothing. The Rights will then lapse.

Notes on signing

This Entitlement and Acceptance Form must be signed by the entitled Shareholder(s) personally, or under company seal, if it has one, or by two directors of the company, or one director if there is only one director, or in either case by an attorney. If this form is signed by an attorney, the power of attorney document is not required to be lodged but the attorney must complete the certificate on the front of this form. Joint Shareholders must all sign this form.

Notes on payment

Please make your cheque or bank draft payable to Central Plains Water Limited and crossed "Not Transferable". Your cheque or bank draft must be in New Zealand dollars. Post dated cheques will not be accepted. Please forward your cheque or bank draft with this form using the enclosed postage paid envelope to Link Market Services Limited, PO Box 384, Ashburton 7740. Once submitted, this form cannot be revoked or withdrawn. The subscription price for all New Shares is NZD\$8.00 per New Share and is payable as to NZD\$4.00 per New Share on application on or before 30 November 2010. The second instalment of NZD\$2.00 will be due and payable on or before 31 May 2011. The third and final instalment of NZD\$2.00 per New Share will be due and payable on or before 30 November 2011. Early payment of the second and third instalments of NZD\$2.00 per New Share (each instalment) will not give a Shareholder any financial advantage.

Notes on submitting this form

The completed and signed form, together with a cheque or bank draft for the first instalment payable to Central Plains Water Limited for the issue of New Shares to the Shareholder, should be mailed or delivered to Link Market Services Limited, PO Box 384, Ashburton 7740 by 5pm on 30 November 2010. Once submitted, this form cannot be withdrawn or revoked. The submission of this form with a cheque or bank draft will constitute an offer to subscribe for New Shares. If this form is not completed correctly, or if the accompanying payment is the wrong amount, they may still be treated as valid. If you have any questions, please contact Link Market Services Limited on +64 3 308 8887 for assistance.

TERMS AND CONDITIONS APPLYING TO APPLICATION FOR NEW SHARES

- By signing this form, the Shareholder acknowledges that the form was distributed with the Registered Short Form Prospectus and Investment Statement ("**Offer Document**") dated 29 October 2010 and that the Shareholder's application for New Shares is made subject to the terms and conditions set out in the Offer Document and this form. Once submitted, this form cannot be withdrawn or revoked by the Shareholder.
- The Shareholder does not have any interest in, or right or entitlement to, any New Shares unless and until and then only to the extent that, New Shares are allocated to the Shareholder by Central Plains Water Limited ("**Company**").
- The decision of the Company as to whether to treat this form or the cheque or bank draft as valid, and how to construe, amend or complete this form, will be final. The decision of the Company on the number of New Shares to be allocated to the Shareholder will be final. The Shareholder will not be treated as having offered to purchase a greater value of New Shares, than that for which payment has been made.
- Upon receipt, money paid for the issue of New Shares will be banked pending allotment. The banking of such money will not constitute allotment of any New Shares.
- Expressions defined in the Offer Document have the same meaning in this form. This form is governed by New Zealand law.

SECURITY RENUNCIATION FORM
CENTRAL PLAINS WATER LIMITED

Please pin
cheque here

In respect of Rights to subscribe for New Shares in Central Plains Water Limited at issue price of NZD\$8.00 per New Share pursuant to and on the terms set out in the Short Form Prospectus dated 29 October 2010.

THIS SECTION IS TO BE COMPLETED BY THE SELLER

Seller's full **NAME** and **ADDRESS**:

Seller's **REFERENCE NUMBER**:

(Reference Number is printed on the Seller's Entitlement and Acceptance Form)

NUMBER OF RIGHTS which the Seller intends to **SELL**:

DECLARATION by **SELLER**:

I/We hereby sell and transfer the Rights described above in favour of the person(s) named below.

SIGNATURE of **SELLER**:

ATTORNEY CERTIFICATE:

(Complete this certificate if you are signing as an attorney of the Seller)

I, _____ (name of Attorney) of _____ (Address/Occupation) sign this document under a Power of Attorney dated the _____ day of _____ 2010, and pursuant to the powers thereby conferred on me. The Seller appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney. At the date of this form I have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Seller or otherwise.

DATE:

THIS SECTION IS TO BE COMPLETED BY THE BUYER

Buyer's full **NAME**:

Title: _____

Title: _____

Title: _____

First Name: _____

First Name: _____

First Name: _____

Surname: _____

Surname: _____

Surname: _____

Buyer's **ADDRESS**:

(If the Buyer is applying for New Shares jointly, only one address is required, to which all communications will be sent)

Buyer's **TELEPHONE**:

(Home)

(Work)

(Mobile)

Buyer's **IRD NUMBER**:

(If the Buyer is applying for New Shares jointly, only one Inland Revenue Number is required)

Buyer's **CSN**:

(If the Buyer has a common shareholder number or a Link Market Services Limited shareholder number, please insert here)

NUMBER of RIGHTS which the Buyer intends to **BUY**:
(This is also the number of New Shares for which the Buyer applies to Central Plains Water Limited for subscription)

AMOUNT PAYABLE to **CENTRAL PLAINS WATER LIMITED** as the first instalment for the issue of New Shares to the Buyer:

NZD\$

(to calculate the amount of the first instalment payable multiply the number of New Shares for which the Buyer applies to Central Plains Water Limited for subscription by the price payable for each New Share (NZD\$8.00 per New Share) and divide by two)

DECLARATION by **BUYER**:

I/We confirm that the Rights described above have been acquired and I/We request that, subject to the payment of the first instalment of NZD\$4.00 on or before 30 November 2010, the New Shares associated with the Rights acquired be allotted by Central Plains Water Limited to the Buyer and such entries be made to the register. I/We hereby apply for the number of New Shares shown above and agree to accept such New Shares on the terms and conditions set out in the Short Form Prospectus dated 29 October 2010 and in this form.

SIGNATURE of **BUYER**:

ATTORNEY CERTIFICATE:

(Complete this certificate if you are signing as an attorney of the Buyer)

I, _____ (name of Attorney) of _____ (Address/Occupation) sign this document under a Power of Attorney dated the _____ day of _____ 2010, and pursuant to the powers thereby conferred on me. The Buyer appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney. At the date of this form I have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Buyer or otherwise.

DATE:

INSTRUCTIONS FOR COMPLETING THIS FORM

- This form will constitute both the form for transferring the Rights from the Seller to the Buyer and the form to be submitted by the Buyer to Central Plains Water Limited when applying for New Shares associated with the Rights the Buyer purchases from the Seller.
- Please complete all of the boxes on the front of this form and ensure that both the Seller and the Buyer sign and date the form. Please see below for signing instructions.
- Application for New Shares by the Buyer must be in the name(s) of natural persons, companies or other legal entities. At least one full given name and surname is required for each natural person. Applications in the name of a minor, fund, estate, trust, business, firm, partnership, club or other unincorporated body cannot be accepted. In those cases, applications must be made in the individual name(s) of the person(s) who is (are) legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as applicable).
- In the case of joint applications, only the address of the first named of the joint Buyers will be recorded by the Registrar and all distributions and interest payments, notices and so on will be sent to that address.

Notes on signing

- This form must be signed by both the Seller and the Buyer personally, or under company seal, if he, she or it has one, or by two directors of the company, or one director if there is only one director, or in either case by an attorney. If this form is signed by an attorney, the power of attorney document is not required to be lodged but the attorney must complete the certificate on the front of this form. All joint Sellers and joint Buyers must sign.

Notes on payment

- The Buyer must make the cheque or bank draft, for the issue of New Shares to the Buyer, payable to Central Plains Water Limited and crossed "Not Transferable". The cheque or bank draft must be in New Zealand dollars. Post dated cheques will not be accepted. Please forward your cheque or bank draft with this form using the enclosed postage paid envelope to Link Market Services Limited, PO Box 384, Ashburton 7740. Once submitted, this form cannot be revoked or withdrawn. The subscription price for all New Shares is NZD\$8.00 per New Share and is payable as to NZD\$4.00 per New Share on application on or before 30 November 2010. The second instalment of NZD\$2.00 will be due and payable on or before 31 May 2011. The third and final instalment of NZD\$2.00 per New Share will be due and payable on or before 30 November 2011. Early payment of the second and third instalments of NZD\$2.00 per New Share (each instalment) will not give a Shareholder any financial advantage.

Notes on submitting this form

- The completed and signed form, together with a cheque or bank draft for the amount payable to Central Plains Water Limited for the issue of New Shares to the Buyer, should be mailed or delivered to Link Market Services Limited, PO Box 384, Ashburton 7740 by 5pm on 30 November 2010. Once submitted, this form cannot be withdrawn or revoked.
- The submission of this form with a cheque or bank draft will constitute an offer to subscribe for New Shares. If this form is not completed correctly, or if the accompanying payment is the wrong amount, they may still be treated as valid.

If you have any questions, please contact Link Market Services Limited on +64 3 308 8887 for assistance.

TERMS AND CONDITIONS APPLYING TO BUYER'S APPLICATION FOR NEW SHARES

- By signing this form, the Buyer acknowledges that the form was distributed with the Registered Short Form Prospectus and Investment Statement ("**Offer Document**") dated 29 October 2010 and that the Buyer's application for New Shares is made subject to the terms and conditions set out in the Offer Document and this form.
- Once submitted, this form cannot be withdrawn or revoked by the Buyer.
- The Buyer does not have any interest in, or right or entitlement to, any New Shares unless and until and then only to the extent that, New Shares are allocated to the Buyer by Central Plains Water Limited ("**Company**").
- The decision of the Company as to whether to treat this form or the cheque or bank draft as valid, and how to construe, amend or complete this form, will be final.
- The directors of the Company reserve the right to reject any application in whole or in part without assigning any reason. Forms that are received by the Registrar (Link Market Services Limited) after 5pm on 30 November 2010 (the "**Closing Date**") may not be accepted.
- If the Buyer's application for New Shares is not accepted, or is accepted in respect of a lesser value of New Shares than the amount for which the Buyer applied, the Buyer will receive a refund of all, or part, of the money paid for the New Shares without interest.
- The decision of Central Plains Water Limited on the number of New Shares to be allocated to the Buyer will be final. The Buyer will not, however, be treated as having offered to purchase a greater value of New Shares, than that for which payment has been made.
- The directors of the Company will allot New Shares as soon as practicable after the closing of the offer of the New Shares. Upon receipt, money paid for the issue of New Shares will be banked pending allotment. The banking of such money will not constitute allotment of any New Shares.
- Share certificates will be issued as soon as practicable after allotment but in any event no later than seven business days after the offer of New Shares closes.
- By signing this form the Buyer gives consent to the Company and its agents entering into the Buyer's property for the purposes of carrying out survey and investigative work but no physical work relating to the Central Plains Water Scheme.
- Under the terms of the Privacy Act 1993, the Buyer acknowledges that the Company and the Registrar are retaining the Buyer's name and address for the purposes of mailing the Buyer further information on the proposals by the Company and enabling bankers and consultants to contact me to discuss the Central Plains Water Scheme.
- Expressions defined in the Offer Document have the same meaning in this form. This form is governed by New Zealand law.